PUBLIC HEARING

ON

"Jubilee Housing Residential Rental Project Property Tax Exemption and Equitable Real Property Tax Relief Amendment Act of 2009"

Before the

Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

December 3, 2009, 11:00 a.m.
John A. Wilson Building, Room 120

Testimony of
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Good morning, Chairman Evans and Members of the Committee on Finance and Revenue. My name is John Ross, Senior Advisor and Director of Economic Development Finance for the Office of the Chief Financial Officer (OCFO). I am pleased to testify for the Office of the Chief Financial Officer on the Jubilee Housing Residential Rental Project Property Tax Exemption and Equitable Real Property Tax Relief Amendment Act of 2009.

The Jubilee Housing Project is currently owned by a non-profit affordable housing provider and contains 70 units of affordable rental housing. The property currently has tax exempt status, based on the use and the non-profit ownership.

Jubilee Housing, Inc. plans a renovation for the project financed with the federal low-income housing tax credit. Because they are using the low-income housing tax credit to finance their renovation, the ownership of the property will necessarily become a taxable entity, with Jubilee Housing as the non-profit managing partner. However, the for-profit Limited Partnership does not have tax-exempt status. Thus, after this transfer of ownership takes place, the properties would be subject to property tax under current D.C. law.

The proposed legislation would exempt from real property taxation the Jubilee Housing Limited Partnership II Residential Rental Project, so long as the properties either:

1) are owned by Jubilee Housing, Inc., or by an entity controlled, directly or indirectly, by Jubilee Housing, Inc.; or
2) continue to be under applicable use restrictions during a federal low-income housing tax credit compliance period, and not used for commercial purposes.

Funds are not sufficient in the proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. The proposed legislation would reduce property tax collections by $51,583 in FY 2010 and by an estimated $224,180 over the FY 2010 through FY 2013 financial planning period.

Thank you for the opportunity to testify. This concludes my testimony and I am happy to answer any questions you have at this time.